GOVERNMENT OF ANDHRA PRADESH
ABSTRACT

APIIC Limited – Permission to APIIC Limited for inclusion of indemnity and compensation clause in the Sale Deed for "unrealizable value of other physical assets in which HMCL has invested in the scheduled property" – Accorded – Orders - Issued.

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INDUSTRIES AND COMMERCE (INFRA) DEPARTMENT

G.O.Ms.No.180 Date:17.12.2016

Read the following:

1.G.O.Ms.No.47, Ind & Com (Infra) Dept., dt.11.04.2016.
2.G.O.Ms.No.93, Ind & Com (Infra) Dept., dt.24.06.2016.
3.From the VC&MD, APIIC, Hyderabad, Lr.No.619/APIIC/Projects/Hero Motors/ Satyavedu/2014, dt.04.11.2016.

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ORDER:

In the reference 1st read above, orders were issued approving the following incentives/benefits to M/s.Hero Moto Corp Limited:

(a) APIIC to execute sale deed on receipt of sale consideration, in favour of M/s.Hero Moto Corp Limited (HMCL) for 600 Acres in Madannapalem (V), Satyavedu (M) of Chittoor District. APIIC shall monitor the utilization of land and report the progress of project implementation from time to time to Government.
(b) APIIC to allot 200 Acres of land at Rs.10.00 Lakhs per Acre for HMCL's supply chain partners / ancillaries within a radius of 25- 35 KMs from main project site.
(c) Dispute resolution mechanism between APIIC and HMCL shall be, as already provided in the MoU and within the State of A.P.
(d) APIIC to permit diversification of HMCL's manufacturing activity to include products like three wheelers, Electrical vehicles, Aerospace & Defence and Technology relating to Green-tech by HMCL/their joint ventures /their business associates.

2. In the reference 2nd read above, orders were issued according permission to APIIC Limited to execute the revised sale deed in favour of M/s.Hero Moto Corp Limited.

3. The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Ltd., Vijayawada vide his letter 3rd read above has stated that after communication of the copy of revised Sale Deed, M/s.Hero Moto Corp Limited has not come forward for execution of the Sale deed and raised concerns about the safety of the investment, since there are several litigations pending on the title of the land allotted. Subsequently, M/s.Hero Moto Corp Limited addressed a letter dated.02.11.2016 for inclusion of the following clause for indemnity /compensation of un realizable value of other physical assets in which HMCL has invested in the scheduled property as read below:

"The APIIC covenants with HMCL that if for any defect in the title of APIIC, HMCL is deprived of the land, on account of judicial pronouncements, which impacts the operations, APIIC undertakes to indemnify/compensate HMCL for all losses on account of land, building & unrealizable value of other physical assets in which HMCL has invested in the scheduled property. APIIC shall compensate HMCL on mutually agreed upon value within 6 months of pronouncement of such judgment."

In place of following clause (as sent by APIIC in the draft Sale Deed)

"The APIIC covenants with the HMCL that if for any defect in the title of the APIIC, the M/s HMCL is deprived of the whole or any part of the said land and buildings, the APIIC hereby undertakes to indemnity/compensate the HMCL for the same."

4. Further, the Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Ltd., Vijayawada has stated that in the earlier clause of indemnity/compensation, land and buildings are covered. Now, the M/s.Hero Moto Corp Limited requesting for indemnity/compensation clause for "unrealizable value of other physical assets in which HMCL has invested in the scheduled property" also. In the letter M/s. HMCL has stated that several litigations are active on the 600 Acres of land under Survey No.1, at Chittoor, any adverse order passed in such litigations may adversely affect their operations/manufacturing. Further HMCL can also be evicted from the said land. Further, M/s. HMCL informed that the rest of the clauses in the draft Sale Deed sent by the APIIC are agreed.

(P.T.O.)

5. The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Ltd., Vijayawada has stated that the request of M/s.Hero Moto Corp Limited was placed before the Board of Directors of APIIC in its 209th meeting held on 03.11.2016. In the meeting, the Board resolved to refer the request of the M/s.Hero Moto Corp Limited to the Government.

6. The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Ltd., Vijayawada has requested the Government to issue necessary orders on the request of M/s.Hero Moto Corp Limited on the revised clause for indemnity/compensation.

7. Government after careful examination of the proposal of Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Ltd., Vijayawada hereby accord permission to Andhra Pradesh Industrial Infrastructure Corporation Limited for inclusion of the following indemnity and compensation clause in the Sale Deed for "unrealizable value of other physical assets in which HMCL has invested in the scheduled property"

> *"The APIIC covenants with HMCL that if for any defect in the title of APIIC, HMCL is deprived of the land, on account of judicial pronouncements, which impacts the operations, APIIC undertakes to indemnify/ compensate HMCL for all losses on account of land, building and unrealizable value of other physical assets in which HMCL has invested in the scheduled property. APIIC shall compensate HMCL on mutually agreed upon value within 6 months of pronouncement of such judgment."*

8. The Vice Chairman & Managing Director, Andhra Pradesh Industrial Infrastructure Corporation Limited, Vijayawada shall take necessary action in the matter accordingly.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

S.SOLOMON AROKIARAJ
SECRETARY TO GOVERNMENT & CIP

To
The Vice Chairman & Managing Director, A.P. Industrial Infrastructure Corporation Ltd., H.No.12B, 59A-8-12B, Guru Nanak Colony Road, Teacher's Colony, Vijayawada-520008.

Copy to:
The Director of Industries, Government of A.P., Hyderabad.
The G.A. (Cabinet) Department, A.P. Secretariat. (with reference to U.O.No.841/2016, dt.06.12.2016.)
The P.S. to Principal Secretary to C.M. (GSP).
The P.S.to Secretary to Government & CIP.
SF/SC.

//FORWARDED BY: ORDER//

SECTION OFFICER